



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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Dear [REDACTED]

This letter responds to your January 22, 2001, letter to [REDACTED] regarding section 6045(f) of the Internal Revenue Code (the Code) and its accompanying proposed regulations for reporting payments of gross proceeds to attorneys.

The Internal Revenue Service (the Service) is aware of the concerns of individuals involved in real estate transactions. During the September 22, 2000, public hearing on the proposed regulations, various speakers expressed similar concerns and suggested the regulations either exempt mortgage loan transactions from the reporting requirements, or adopt an exception for all payments under a specified threshold amount, such as \$600. These suggestions are possible options.

Information returns significantly improve voluntary compliance with the tax laws. However, we understand your concerns and those within the industry regarding section 6045(f). The Service is currently considering many of the comments received at the September 22, 2001, hearing in connection with the proposed section 6045(f) regulations. Your comments and suggestions are greatly appreciated.

The Service is charged with drafting and proposing regulations that are either expressly or impliedly required by the statutes that Congress enacts. As you know, however, repeal or amendment of section 6045(f) is a matter entirely within the purview of Congress.

COR-112127-01

If you require additional information, please contact me or Laura C. Nash at (202) 622-4910.

Sincerely,

James C. Gibbons
Chief, Branch 1
Administrative Provisions and Judicial
Practice Division
Procedure and Administration